

Chapter 5. Eligibility for Public and Private Insurance Coverage

Introduction

This chapter examines barriers to Washingtonians' access to both public and private insurance coverage. The first section examines barriers to access to public coverage. It begins by measuring actual enrollment of adults and children among those eligible for public programs. We also examine briefly how knowledge of public insurance options might affect enrollment. We then examine the accessibility of public insurance for uninsured adults and children under current public program funding and the effect on access of some hypothetical enrollment increases in Basic Health. We explore how eligibility varies for different segments of the population, such as adults with and without children, and among those with different health, family income, and labor force status. (For an explanation of how public program eligibility was determined, see the Appendix A. Methodology.)

We find that most uninsured children have access to public programs under current eligibility rules, but less than one-third of uninsured adults have access to these programs. This access would improve under expansions planned for Basic Health, and even more if Basic Health were fully funded.

The second section examines eligibility for private insurance. We examine uninsured rates among those with access to employment-based insurance and look at effects of employer premium contributions on the insurance status of employees and their dependents. We also examine patterns of uninsurance among the self-employed by income and health status, and the effect of recent job losses on the likelihood of being uninsured. This section briefly discusses the implications for possible efforts to expand private options for coverage.

Major Findings

Eligibility for Public Insurance

- About one-third of adults eligible for public programs are enrolled in those programs, and about 37 percent of eligible children are enrolled. If we look just at the publicly eligible population not enrolled in private insurance, 68 percent of adults and 78 percent of children participate in public programs.
- Failure to participate among adults results partly from enrollment limits on Basic Health. But lack of information may also be a deterrent to participation in public programs, suggesting that more outreach may be needed.
- About 76 percent of uninsured children have access to public programs under current eligibility and funding, but fewer than one in three of their uninsured parents do. Access for uninsured, childless adults is even lower, at less than 10 percent.
- If Basic Health had no enrollment limits, allowing all adults at 200 percent of the federal poverty level (FPL) or below to enroll, only one in four uninsured adults would lack access to insurance.

Eligibility for Private Insurance

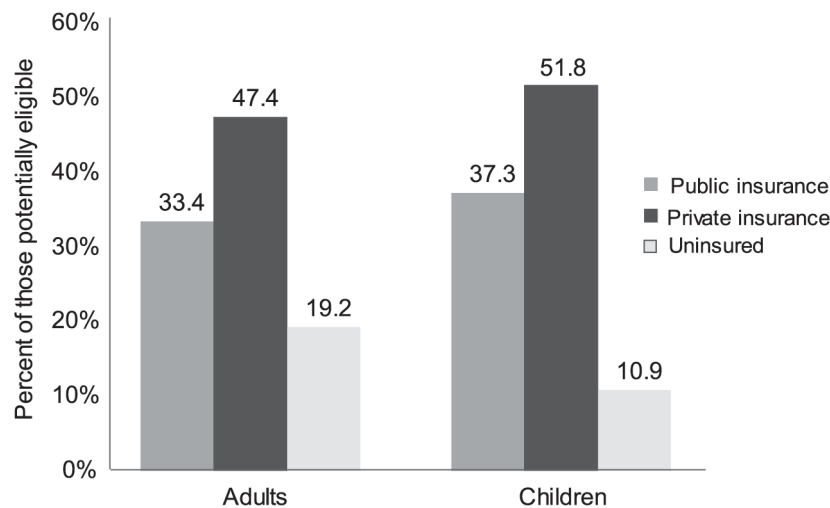
- Almost one in five of the uninsured are workers or dependents who are eligible for employer-sponsored coverage. However, among all of those eligible for employer coverage, only 2 percent are uninsured.
- Most workers and dependents who are eligible for coverage are insured, even if they are low income. Thus it will be difficult to target financial incentives to expand purchase of employer coverage among these workers.
- The self-employed and their dependents represent about one-third of the uninsured. Uninsured rates among this group are not strongly related to income, except for the highest income, despite federal tax subsidies that vary with income. This suggests that the planned phase-in of the full tax subsidy for the self-employed may not expand coverage significantly.
- About half of the uninsured do not have access to employer group coverage or to subsidies for the purchase of private coverage. Uninsured rates for these individuals are higher than for the population as a whole.
- About one-quarter of the uninsured do not have a current job, but almost half of these recently lost a job or are looking for work. Transitional coverage might benefit this population.

Part 1. Eligibility for Public Insurance Coverage

This section of the paper examines access to public coverage among the uninsured. We first report current enrollment in public programs among those potentially eligible. We examine available evidence for reasons why people who are eligible do not participate. We analyze access to public insurance, both under current eligibility rules and funding and under different scenarios for expansion (either planned or hypothetical). We also examine how factors such as health status are associated with access to public programs.

This section also includes information on the proportion of the population eligible for employer coverage. The next section examines in more detail patterns of eligibility for employer coverage.

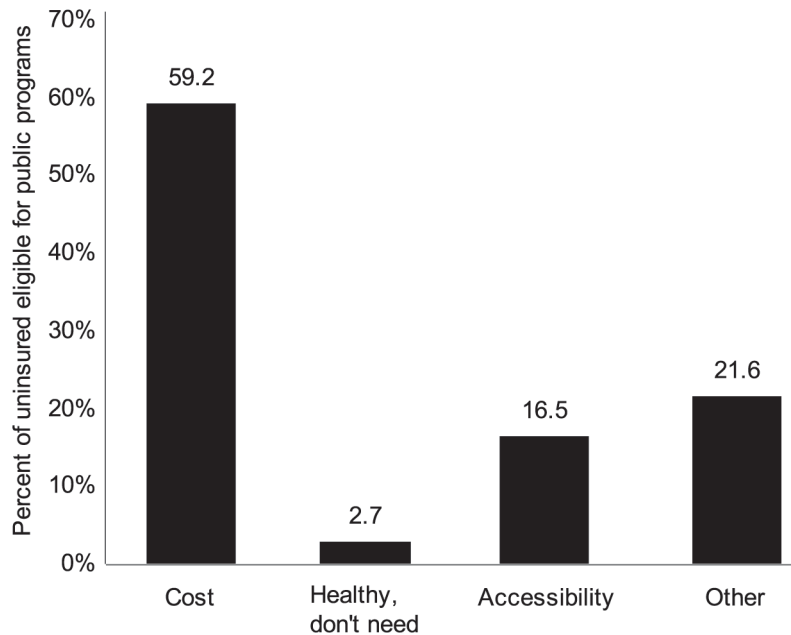
Figure 5-1. Insurance Enrollment Among Those Potentially Eligible for Public Programs, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Among those adults potentially eligible for public programs—ignoring, for the moment, enrollment caps—about one-third are enrolled. For children, the proportion is slightly higher (37.3 percent). About half of those eligible for public coverage are enrolled in private insurance (either employer-sponsored or an individual plan). Among the potentially eligible, about one in five adults and one in ten children remains uninsured. (See Appendix A. Methodology for an explanation of how public program eligibility was determined.)

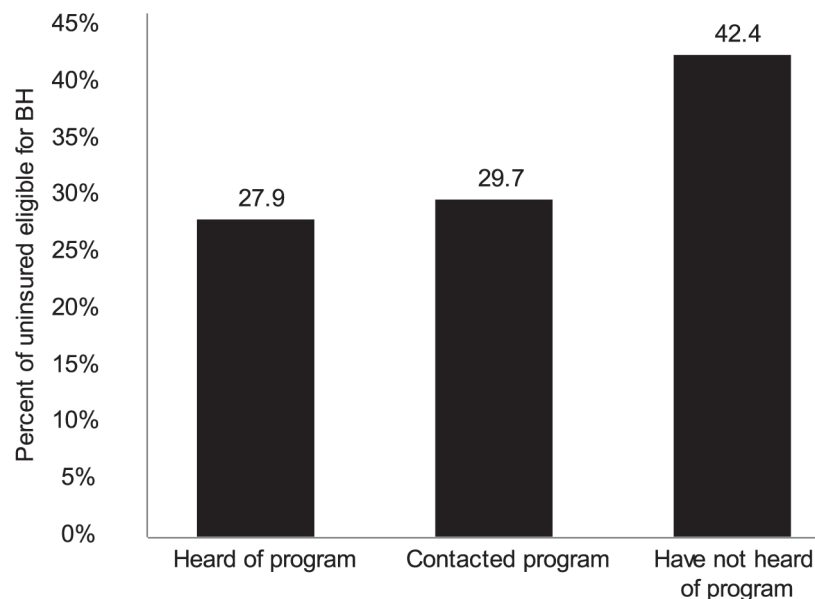
Figure 5-2. Reasons for Not Having Health Insurance Among Those Potentially Eligible for Public Programs, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Among those who are eligible for public coverage but remain uninsured, nearly 60 percent report that the cost of insurance is a deterrent.

Figure 5-3. Knowledge of Basic Health Among Uninsured People Potentially Eligible for Public Programs, 1997

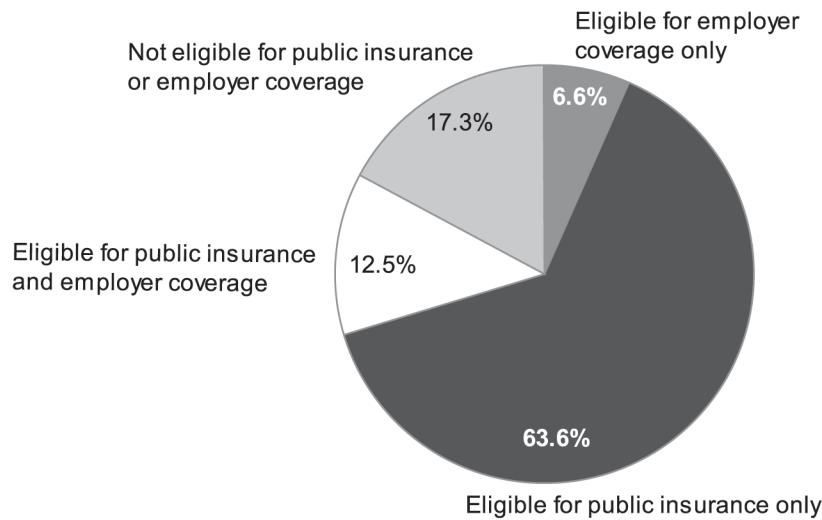


Source: 1997 RWJF Washington Family Health Insurance Survey. Data refer to the population under 65.

A large share of uninsured people eligible for public programs report not knowing of the programs. In 1997, more than 40 percent of survey respondents had not heard of Basic Health. About 30 percent actually contacted the program, but did not enroll or were unable to enroll at the time. In 1999, a study by the Urban Institute found that half of Washingtonians had not heard of Medicaid or were unfamiliar with its eligibility rules.*

*Kenney, G, Haley, J. and Dubay, L. (May 2001). How Familiar Are Low-Income Parents with Medicaid and SCHIP? *New Federalism Series B*, No. B-42.

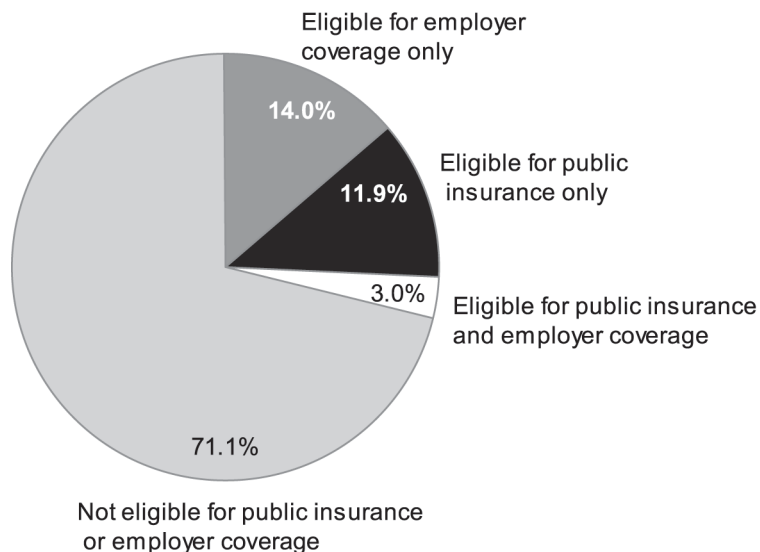
Figure 5-4. Eligibility for Insurance Among All Uninsured Children, 2000



Source: 2000 Washington State Population Survey. Data refer to children aged 0-18.

Most uninsured children have access to employer coverage or a public program—76 percent are eligible for public insurance, and only 17 percent are not eligible for either public or employer coverage.

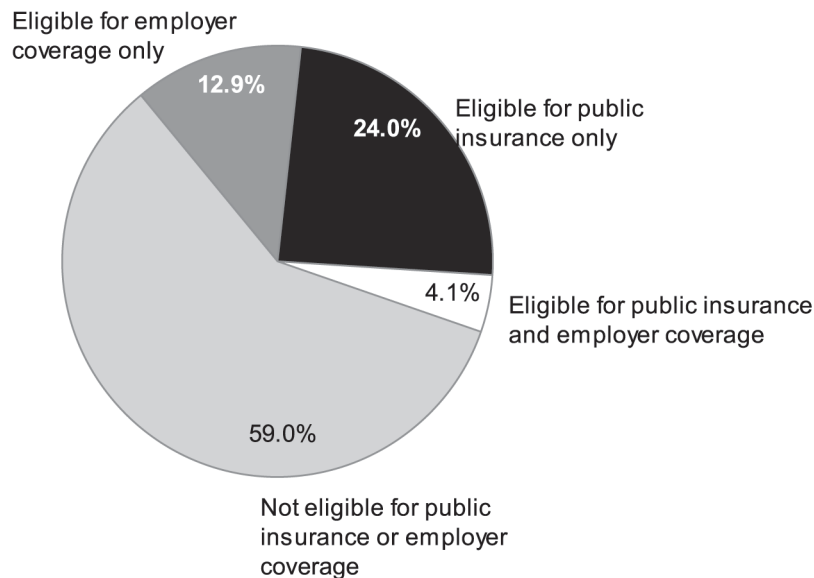
Figure 5-5. Eligibility for Insurance Among All Uninsured Adults, 2000



Source: 1997 RWJF Washington Family Health Insurance Survey. Data refer to the population under 65.

However, under 2000 eligibility rules and program funding, most uninsured adults—71 percent—were not eligible for enrollment in public programs and do not have access to employer coverage. In 2000, no additional uninsured persons could be covered by Basic Health because of enrollment caps (except when an existing enrollee drops BH coverage, opening up a subsidized slot.).

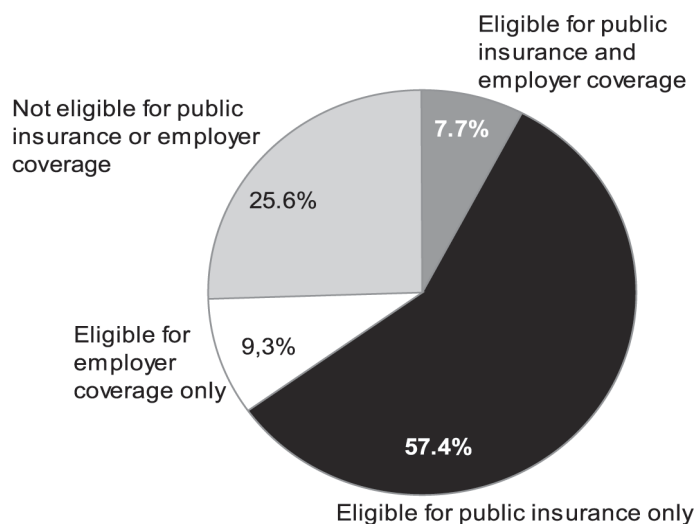
Figure 5-6. Eligibility for Insurance Among All Uninsured Adults with Basic Health Expanded by 50,000, Mid-2003



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

The proportion of uninsured adults not eligible for public or private insurance is anticipated to decrease as a result of Initiative 773, which increased the tobacco tax to expand Basic Health. If enrollment increased by 50,000, 59 percent would remain ineligible for public or employer coverage.*

Figure 5-7. Eligibility for Insurance Among All Uninsured Adults with No Enrollment Limitation in Basic Health, 2000

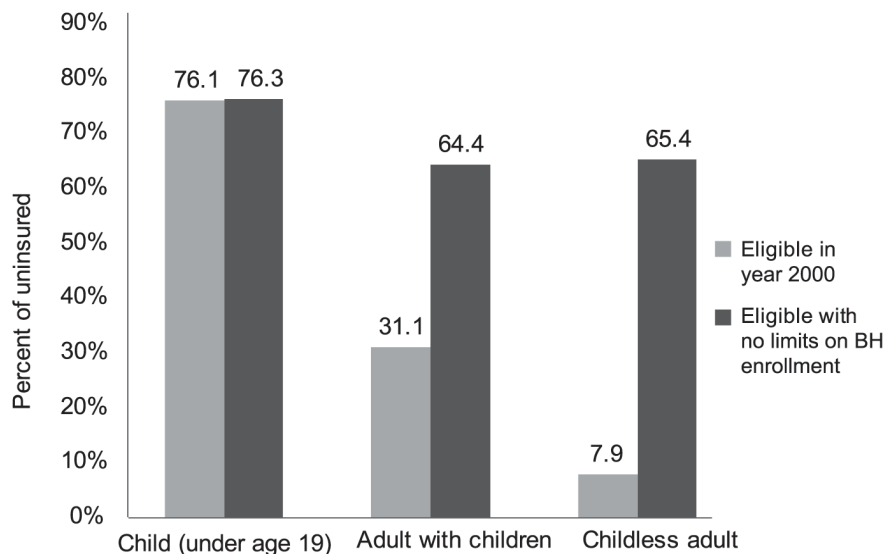


Source: 2000 Washington State Population Survey. Data refer to the population under 65.

With no enrollment limits for Basic Health, a much smaller proportion of adults—26 percent—would not have access to public insurance or employer coverage.

* Note: The state budget adopted by the 2002 Legislature, which occurred after the analysis presented here was completed, eliminated public programs for immigrant children and adults, transferring enrollees in these programs to Basic Health. This would reduce the effect of the 50,000 expansion discussed here.

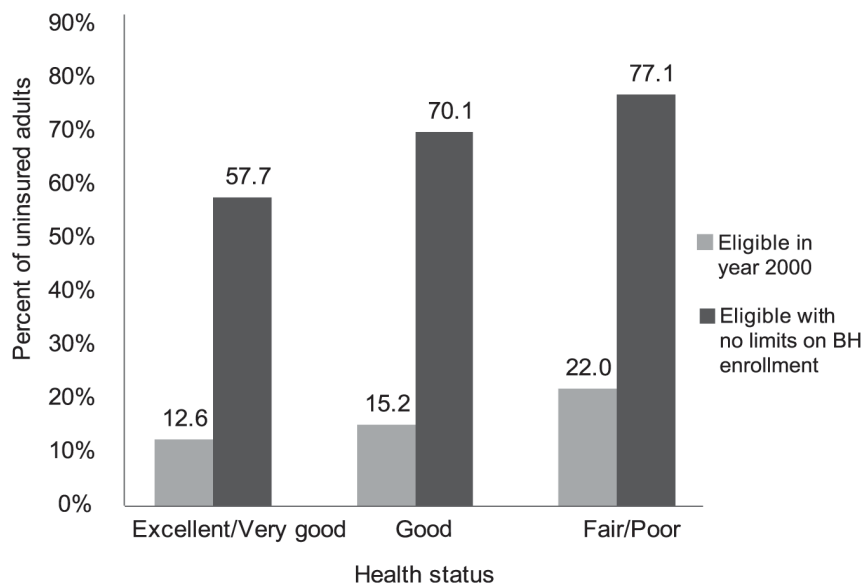
Figure 5-8. Eligibility for Public Insurance Among Uninsured Adults and Children, Year 2000 Eligibility, and with No Basic Health Enrollment Limits



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Uninsured single adults or childless couples are least likely to have access to public insurance. But two-thirds of uninsured parents do not have access to public coverage, and, as shown earlier, the insurance status of parents is a prime factor in children's coverage. This situation would improve substantially with full Basic Health funding.

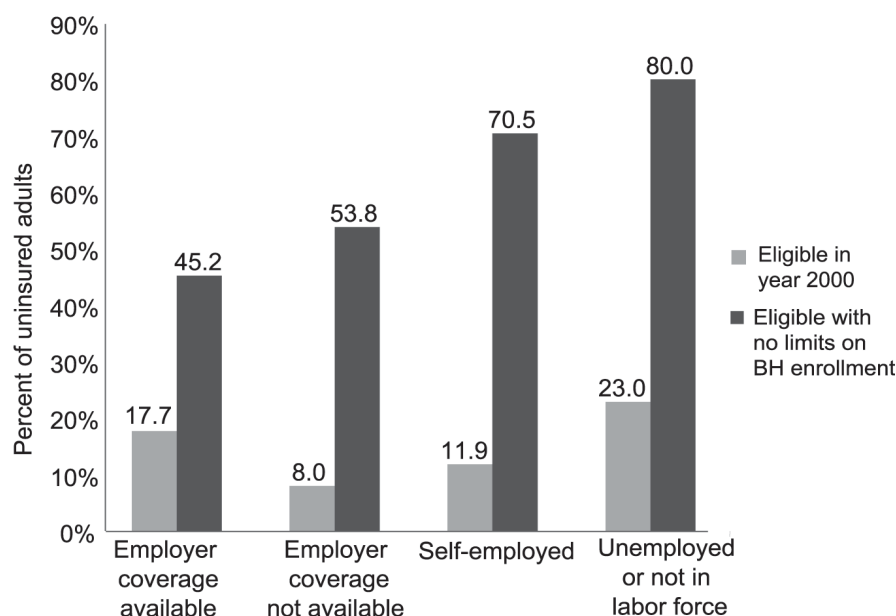
Figure 5-9. Eligibility for Public Insurance for Uninsured Adults by Self-Reported Health Status



Source: 2000 Washington State Population Survey. Data refer to adults aged 19-64.

Uninsured adults in poorer health are more likely to be covered by public programs—in part because of eligibility related to health status and in part because of other factors associated with both health status and eligibility. Even so, less than one in four uninsured adults likely to incur substantial medical bills is eligible for public programs under current funding. With full funding of Basic Health, almost eight in ten of those in the poorest health would qualify for public coverage.

Figure 5-10. Percent of Uninsured Adults Eligible for Public Programs, by Work Force Status and Access to Employer Coverage

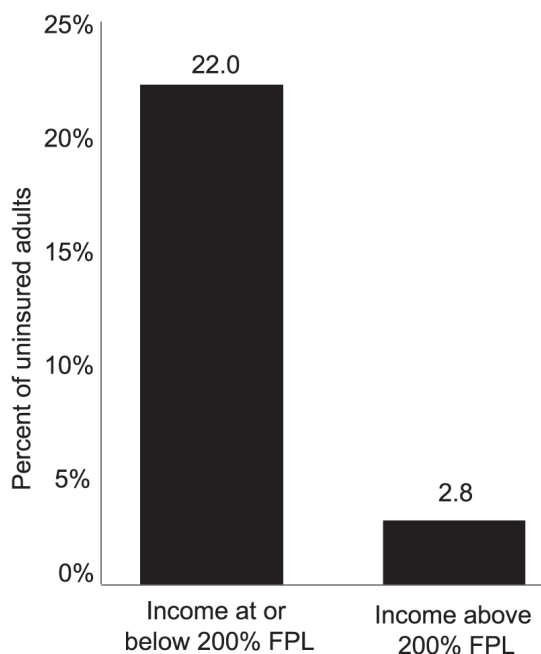


Source: 2000 Washington State Population Survey. Data refer to adults aged 19-64.

Only a small proportion of uninsured adults without access to employer coverage or who are self-employed are eligible for public insurance. Access is better for the unemployed, but fewer than one in four is eligible.

Removing enrollment limits in Basic Health would improve access substantially for all these groups. Substitution of public for private insurance could be a problem among those eligible for employer insurance.

Figure 5-11. Eligibility for Public Programs for Uninsured Adults by Income Level, 2000



About one in five uninsured adults at or below 200 percent FPL is eligible for public coverage. With no enrollment limits for Basic Health this would increase to 100 percent, because all people at or below 200 percent FPL would be able to access public coverage.*

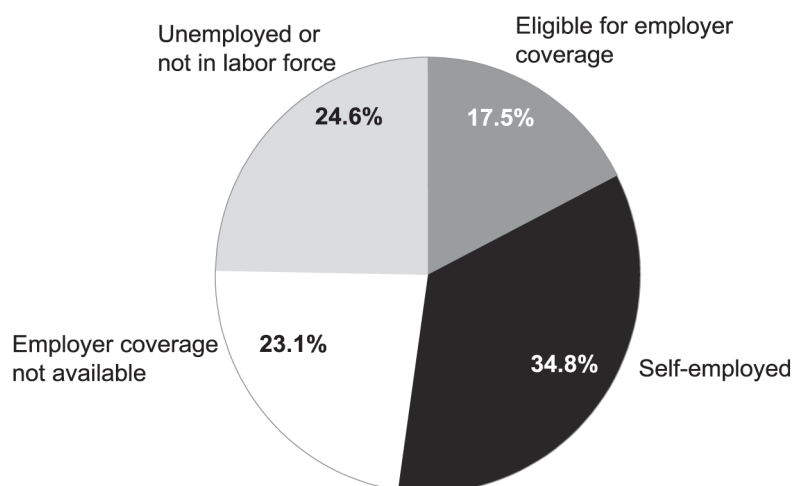
*Note: Some adults under age 65 and above 200 percent FPL are enrolled in public programs (e.g., Medicare's program for the disabled).

Source: 2000 Washington State Population Survey. Data refer to adults aged 19-64.

Part 2. Eligibility for Private Insurance Coverage

This section of the paper examines access to private coverage among the uninsured. This analysis includes both workers and their dependents. We look at how access varies by employment status, income, cost of employee or dependent coverage, and individual health status. This section also examines how self-employment affects access to insurance and what factors influence access among the self-employed.

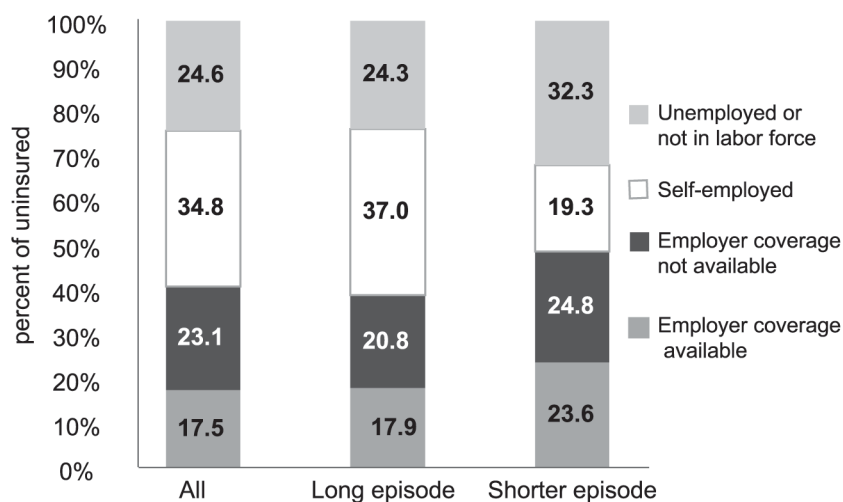
Figure 5-12. Distribution of the Uninsured by Employment Status and Eligibility for Employer Coverage, 2000



Almost one in five of the uninsured is a worker or dependent eligible for employer-sponsored coverage. More than one-third of the uninsured are self-employed or their dependents, despite federal tax subsidies that are available to help this group purchase private individual coverage. About half of the uninsured do not have access to group coverage or to tax-deductible individual market products available to the self-employed. Some small share of these persons might be eligible for COBRA transitional coverage.

Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Figure 5-13. Employment Status and Eligibility for Employer Coverage Among the Uninsured by Insurance Duration, 2000



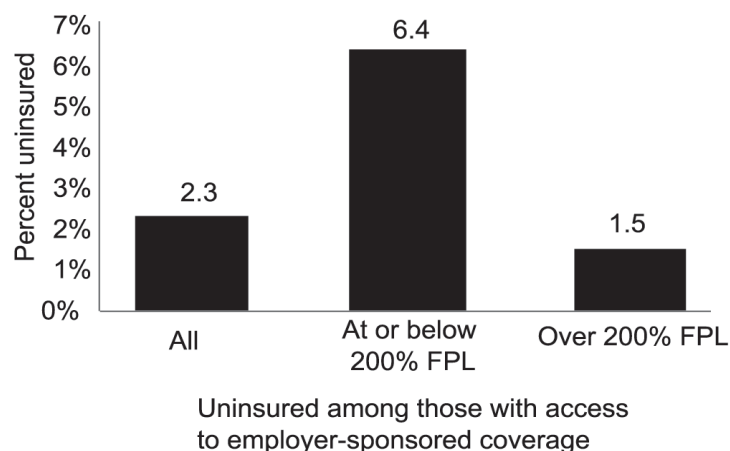
Source: 2000 Washington State Population Survey; 1997 RWJF Washington Family Health Insurance Survey. Data refer to the population under 65 .

Long episode: 1 year or more.

Shorter episode: less than one year.

The work status of the uninsured varies according to whether they have been uninsured for a long or short period. The self-employed comprise a larger share of those uninsured for long episodes (one year or more). Those without a job comprise a larger share of the uninsured for short episodes (less than one year). The latter may be explained by the fact that new episodes of uninsurance tend to begin with the loss of an insured job.*

Figure 5-14. Percent Uninsured by Income Among People Eligible for Employer-Sponsored Insurance, 2000

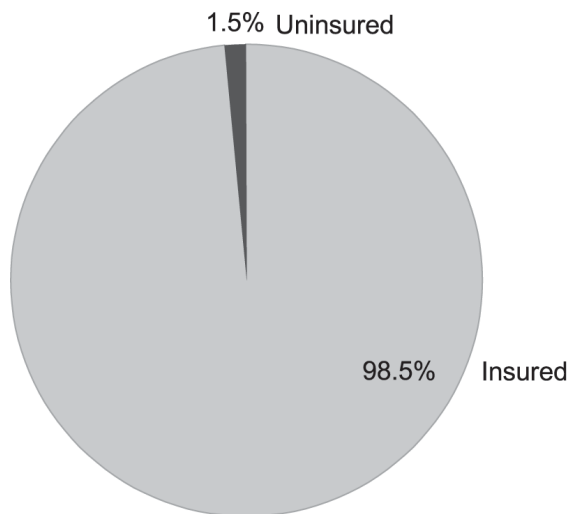


Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Although they account for one in five of the uninsured, only 2 percent of those who have access to employer-sponsored coverage are uninsured. Low uninsured rates are found for both low- and high-income families. Therefore, it will be difficult to design policies to expand coverage to the uninsured who work for an employer who offers coverage, even if low-income is one of the eligibility criteria.

*Glied, S.A. (Summer 2000). Challenges and Options for Increasing the Number of Americans With Health Insurance. *Inquiry*, 38, 90-105.

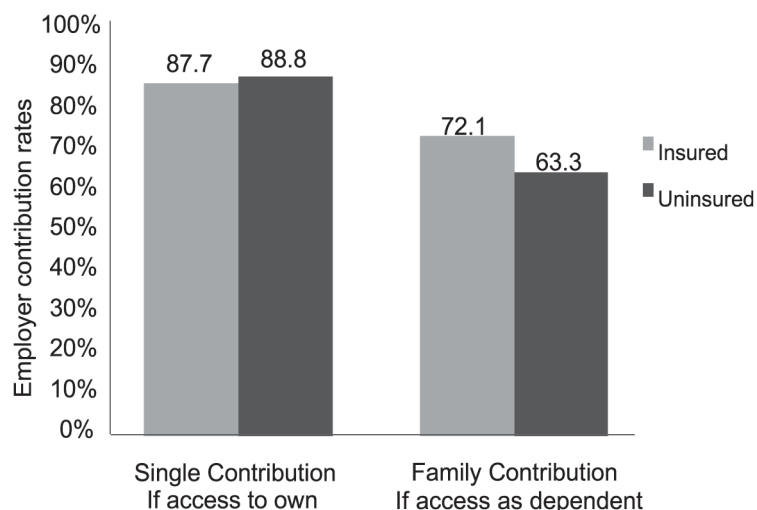
Figure 5-15. Insurance Status of Children with a Parent Enrolled in an Employer Plan with Family Coverage, 2000



Source: 2000 Washington State Population Survey; 1997 RWJF Employer Health Insurance Survey. Data refer to the population under 65.

Among children whose parents are enrolled in employer plans that offer family coverage, 98.5 percent are insured. Also, virtually all—99.5 percent—of children whose parents are in employer-based plans are eligible for family coverage, according to the 2000 Washington State Population Survey.

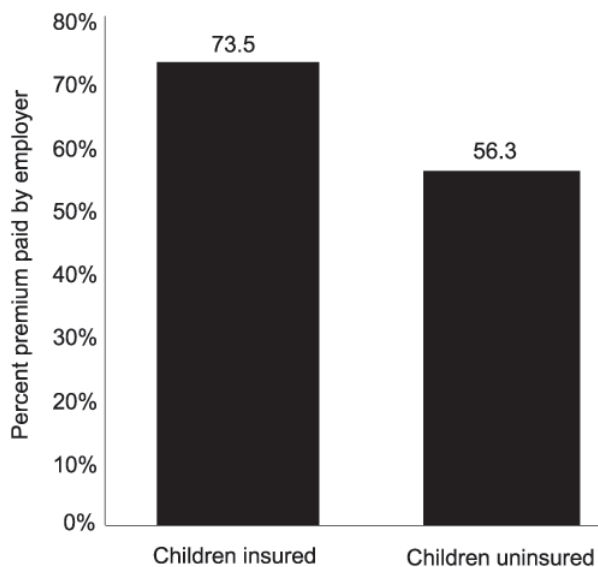
Figure 5-16. Average Employer Contribution Rates for Single and Family Coverage, by Insured vs. Uninsured Status, 2000



Source: 2000 Washington State Population Survey; 1997 RWJF Employer Health Insurance Survey. Data refer to the population under 65.

Uninsured rates are similar among employees eligible for coverage through their employer and persons eligible for employment-based insurance as dependents, according to our analysis of the 2000 Washington State Population Survey and the 1997 RWJF Employer Health Insurance Survey. When eligible for coverage through one's own employer, the uninsured and insured face similar contribution rates. However, uninsured dependents face lower employer contribution rates (and hence higher out-of-pocket premium payments) than the insured. This suggests that the cost of the employee share of the premium is a deterrent for some.

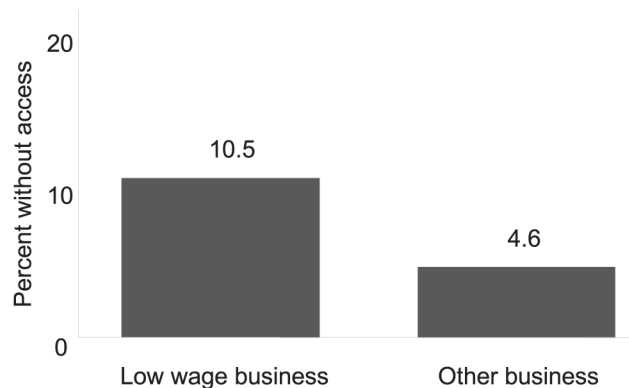
Figure 5-17. Employer Family Premium Contribution Rates for Insured and Uninsured Children, 2000



Source: 2000 Washington State Population Survey; 1997 RWJF Employer Health Insurance Survey. Data refer to the population under 65.

Employer contribution rates for family coverage are much lower among uninsured children in comparison to insured children. This means that the family's out-of-pocket premium costs are higher for parents with uninsured children, suggesting that price is a factor when parents decide whether to insure their children.

Figure 5-18. Percent of Employees and Dependents Without Access to Employer Coverage, Low and Higher-Wage Businesses, 2000

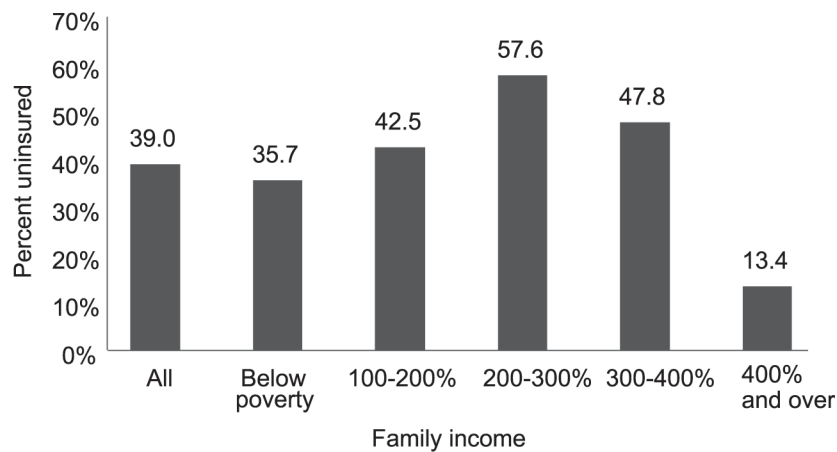


Source: 2000 Washington State Population Survey; 1997 RWJF Employer Health Insurance Survey. Data refer to the population under 65.

Low-wage businesses are those in which at least two-thirds of employees earn less than \$10 per hour.

Those who work in businesses with a large share of low-wage workers (and their dependents) are less likely to have access to coverage.

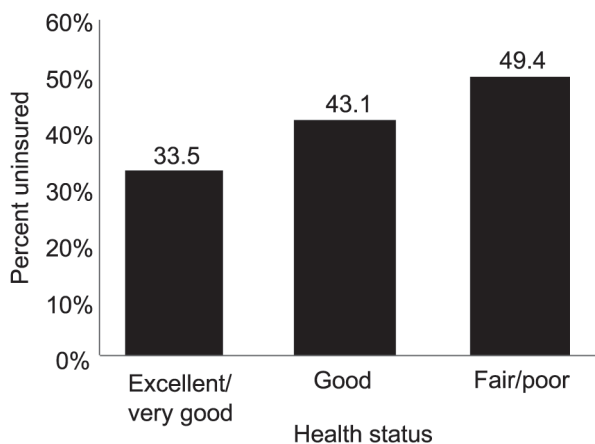
Figure 5-19. Percent Uninsured by Family Income for the Self-Employed and Dependents, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

The self-employed constitute a sizeable share of the uninsured—about one-third—although these workers and their dependents are only about 8 percent of the total population. About 39 percent of the self-employed are uninsured. Tax law permits these workers to deduct a portion of their health insurance premiums from taxable income (50 percent in the year 2000), even if they do not itemize deductions. Thus, the effective price of insurance falls with income. Surprisingly, uninsured rates among this group do not fall as income increases, except for the highest income group.

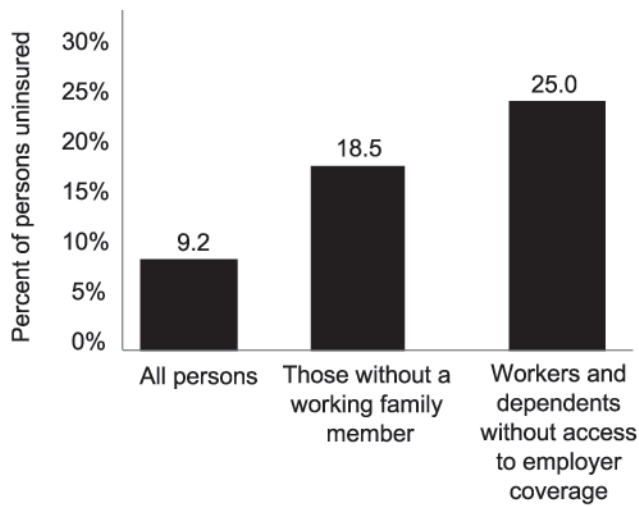
Figure 5-20. Percent Uninsured by Self-Reported Health Status for the Self-Employed and Dependents, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

The percentage of the self-employed and their dependents who are uninsured increases as health status decreases. This relationship suggests that underwriting in the individual market may be a factor, by making prices unaffordable for some.

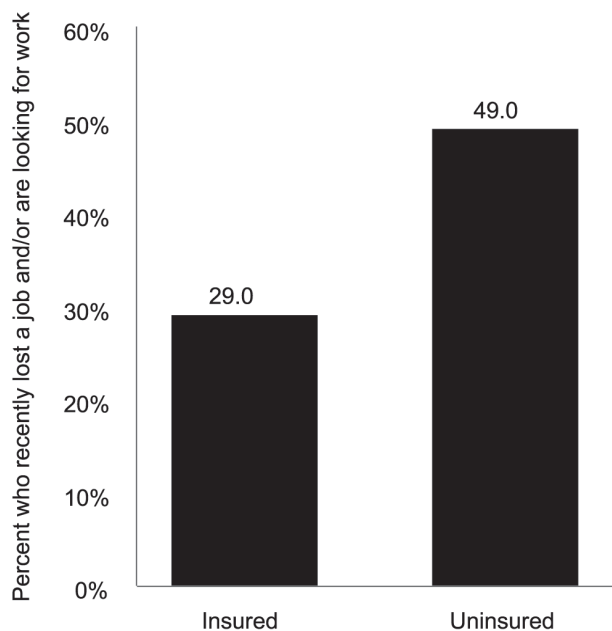
Figure 5-21. Percent Uninsured by Work Status of Family Members and Access to Employer Coverage, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

Non-workers and workers who do not have access to employer coverage must either participate in public programs or purchase individual coverage. Few of them benefit from tax subsidies to purchase individual coverage and so must pay the full price of individual policies. As a result, uninsured rates among these groups are much higher than overall uninsured rates.

Figure 5-22. Percent with Recent Job Loss and/or Looking for Work Among Those Without a Working Family Member, by Insurance Status, 2000



Source: 2000 Washington State Population Survey. Data refer to the population under 65.

About one-quarter of the uninsured are in families where no one is employed. Within this group of uninsured, almost one-half have a family member who recently lost a job or is currently looking for work. This is almost twice the rate as for insured people in families where no one works, suggesting that uninsurance may be a transitional state for those who recently became unemployed. As we saw earlier, this group of the uninsured is more likely to be uninsured in the short-term than are other groups. Hence transitional coverage may benefit this population if it is affordable and accessible.